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Bad Debts: To Collect or Not to Collect

Legislation that would help the federal government collect billions in bad debts has put the Reagan administration in a Catch-22 situation.

On the one hand, if the White House supports the debt-collection bill vigorously, it faces the certainty that Democrats in Congress will demand that the "windfall" collected from Uncle Sam's delinquent debtors be applied to programs that have had their budgets slashed.

On the other hand, if the White House doesn't support the debt-collection bill, it will be in the position of betraying its own loudly trumpeted determination to cut waste and fraud in government. Democrats will be able to argue that if the administration won't support such an obvious way to reduce federal expenses, it must not be serious about budget cuts.

How the administration will wriggle out of its dilemma may be revealed today, when Budget Director David A. Stockman is scheduled to testify at a Senate hearing on the bill.

The money at stake isn't peanuts. Of more than \$175 billion in U.S. government loans to individuals and foreign governments, about \$25.3 billion are delinquent. Billions of dollars' worth of such debts have been written off as "uncollectable" in recent years.

A study by the Office of Management and Budget, spelling out the dismal debt situation, was suppressed. The legislation, sponsored by Sena-

Charles H. Percy (R-Ill.) and Jim Sasser (D-Tenn.), however, is designed to give the government tools to make its collection efforts more productive.

One provision of the bill would allow the government to report the names of delinquent debtors to commercial credit-rating bureaus. A borrower who reneged, say, on a student loan would risk a bad credit rating.

Another provision would permit the government to garnishee up to half the wages of federal employees who fell seriously behind in mortgage, education or other government loan payments. According to Department of Education figures, there are 18,000 federal employees who have defaulted on their student loans; the Veterans Administration reported that thousands of federal workers are also delinquent on VA loans.

Indeed, a Capitol Hill source told my associate Lucette Lagnado that top government officials are on Uncle Sam's deadbeat list. Not only has the government been handcuffed in its efforts to collect the bad debts, but the delinquent debtors' careers in the bureaucracy have not suffered a bit.

The White House has advised its budget experts to downplay the debt collection issue, but Percy is determined to push the legislation, which he estimates would bring in \$1 billion to \$2 billion in the first year alone.

Mending the Cloak: Counterintelligence is an important part of the

U.S.-Soviet spy-versus-spy game. But under the Ford and Carter administrations, this CIA-FBI function was allowed to all but wither away.

Now Reagan is trying to give counterintelligence a boost its advocates say is overdue. Indeed, the CIA has long known about a secret conference of top KGB officials in 1959 that set the KGB's main mission as penetration of the U.S. government.

The ravages suffered by our counterintelligence force over the past few years are outlined in some recent secret CIA documents. Under Carter, the Justice Department's Office of Internal Security was cut from about 300 staff personnel to about 60; the employees were sent to the overworked Freedom of Information section.

Recently, however, the director of the FBI's Washington office increased by 15 percent the number of agents assigned to monitor the activities of some 240 Soviet bloc officials believed to be involved in espionage activities.

At the CIA, the decline of the Office of Security began with the firing of counterintelligence chief James Angleton in December 1974. Then CIA Director William Colby had decided that Angleton's Byzantine suspicions had crippled the CIA's operations. New laws curtailed some of the agency's counterintelligence efforts. The counterspy staff was slashed. Now, CIA sources say, the Reagan administration intends to reverse the trend.